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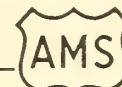
LIVESTOCK and MEAT SITUATION

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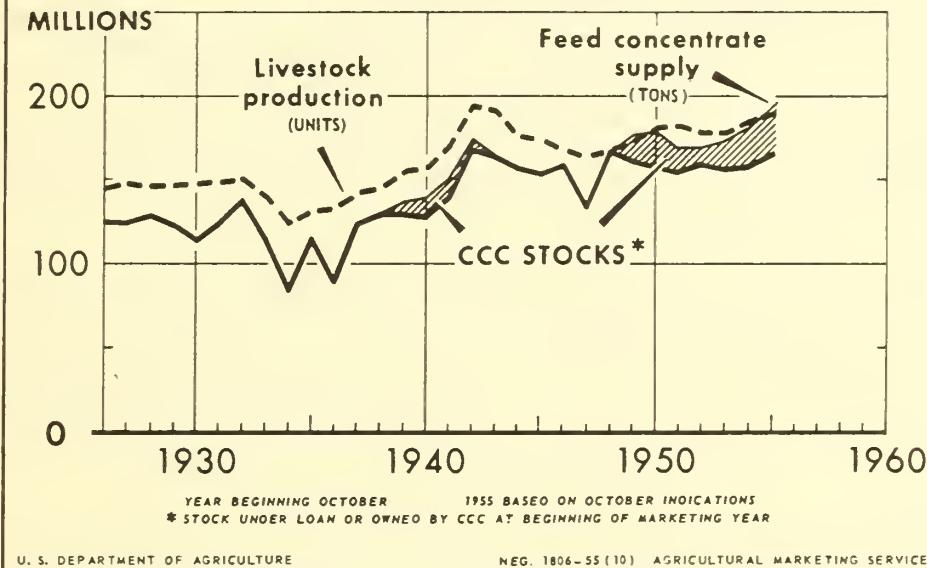
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In this issue:
5-year Outlook
for Meat Animals



THE FEED SUPPLY AND LIVESTOCK PRODUCTION



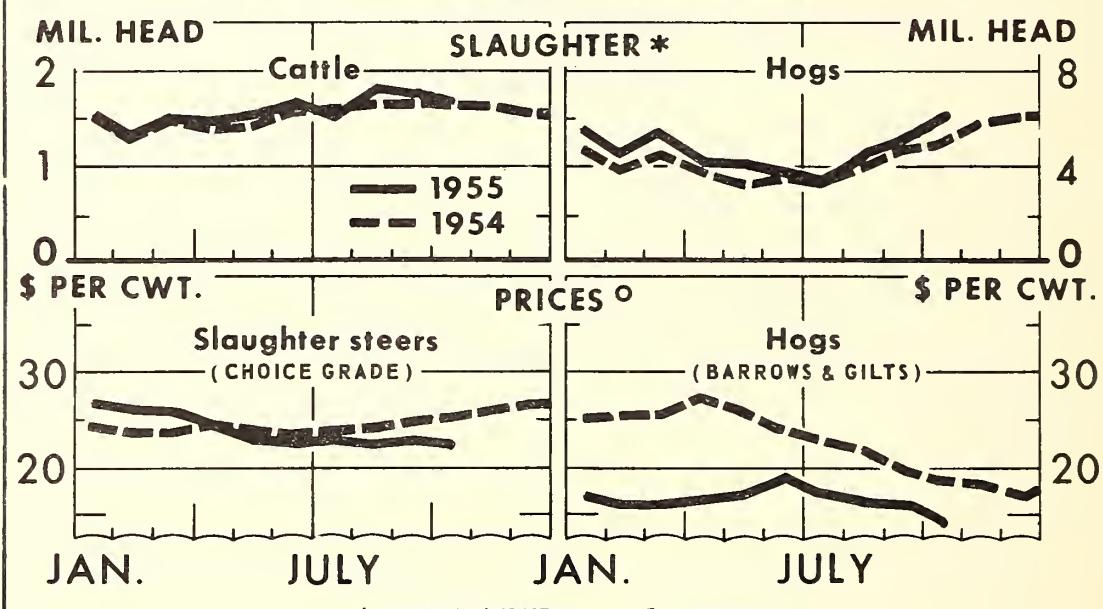
The annual supply of feed concentrates has trended upward the last 30 years and total livestock production has done likewise.

In most years since 1937 the feed supply has included not only that from current production and farmers' free stocks, but grain under Government ownership or loan. Net movement into or out of Government control each year

has subtracted from or added to the quantity otherwise available to farmers for feeding.

For the 1955-56 feeding year, production of feed grains is up and output of byproduct feeds will be larger. The supply outside of Government stocks is near previous highs. Government stocks are record large.

SLAUGHTER AND PRICES OF CATTLE AND HOGS



U. S. DEPARTMENT OF AGRICULTURE

NEG. 678-55 (10) AGRICULTURAL MARKETING SERVICE

THE LIVESTOCK AND MEAT SITUATION

Approved by the Outlook and Situation Board, November 4, 1955

SUMMARY

Strong consumer demand for meat, increasing supplies and lower prices of feed, and emphasis on livestock as a source of income have lifted production of meat animals to record volume in 1955 and will keep it very nearly as large in 1956. Production of hogs, now on an uptrend, may level out or turn down in 1956, but the number to be slaughtered will moderately exceed 1955. Cattle numbers and slaughter, at a record high in 1955, may be down slightly in 1956. Sheep numbers also may show a slight decline in January 1956.

Meat output will not change much in 1956. Output of pork will go up a bit while that of beef, veal and lamb might decrease by a small amount. Consumption per person is at a 47-year high of 161 pounds in 1955 and will likely be close to that figure in 1956.

Production of hogs increased in 1955 for the second successive year. The spring crop was up 9 percent and producers planned a 10 percent gain in the fall crop. Increases in slaughter brought lower prices. However, the price of corn also has been down, and the hog-corn ratio not far from average. Consequently, the 1956 spring pig crop is not expected to change much from 1955. A sizable reduction in pig crops could occur in the fall of 1956.

The rate of hog slaughter will be considerably above this year in the first half of 1956, but about the same in the second half. For the year as a whole, slaughter will total moderately larger. The supply of pork for consumption, which rose 6 pounds to 66 pounds per person in 1955, will likely go up a pound or so more in 1956. The 2-year decline in prices of hogs is expected to end during the year, and the year's average is likely to be close to that of 1955.

Slaughter of cattle and calves increased 2 percent in 1955. Cow and heifer slaughter was up considerably. Prospects are for numbers of cattle on farms in January 1956 to be down a little from 1955. Because of the larger 1955 slaughter of breeding stock, which will likely result in reduced calf crops in 1956 and later, numbers will probably continue cyclically downward for the next few years. However, the decrease promises to be less than in previous cycles. Strong demand for beef and large supplies of feed are preventing the usual sharp cyclical downtrend.

Strong demand and ample feed have especially supported the cattle feeding enterprise and encouraged retention of young stock for feeding. About as many cattle are likely to be fed this feeding year as last. Prices of fed cattle this winter, though perhaps strengthening somewhat from their fall level, will be considerably below their highs of last winter. Cattle slaughter may be reduced slightly in 1956, and cattle prices generally may begin a slow recovery. Fed cattle prices could be higher in the fall of the year than this past fall. Profits in feeding may be no more than average; they will likely be less than last year in the short winter feeding programs, but better in the longer feeding programs.

Sheep and lamb slaughter for 1955 will total about 2 percent above 1954. As the lamb crop was 1 percent smaller, another small reduction in inventory numbers is anticipated in January 1956. Slaughter in 1956 will probably be close to that of 1955 unless the downtrend in sheep inventories should be reversed during the year. Prices of sheep and lambs may be as high or a bit higher than in 1955.

OUTLOOK FOR MEAT IN 1956

<u>Meat</u>	<u>Output to Stay</u>
<u>Large; Small</u>	<u>Shift Likely</u>
<u>from Beef to</u>	<u>Pork</u>

These are years of large supply of meat. Production of the red meats has increased steadily from 21.9 billion pounds in 1951 to almost 27 billions in 1955. Production will likely remain at around 27 billions in 1956 (table 1).

Meat production will stay large because the conditions leading to increases in recent years are continuing. Most important are a strong consumer demand for meat generated by high employment at high income, and increasing production and lower prices of feed. Moreover, the past build-up in cattle numbers has made a big output of beef possible. With cattle numbers staying high and hog production increasing through 1955, a 1956 meat output virtually equal to that of 1955 seems almost assured.

Beef

Output of beef has been especially large, and will continue almost as large in 1956. The year's total production is expected nearly to repeat the record of approximately 13.6 billion pounds in 1955. Consumption per person, which advanced 2 pounds to a new high of about 81 pounds in 1955, may ease slightly lower to around 78 pounds in 1956.

Total beef production is expected to drop off a little because older slaughter stock -- cows, steers and heifers -- appear to have been slaughtered at an inventory-reduction rate in 1955. Producers may begin to slow down their marketing of cows in 1956. However, the rate cows are marketed and slaughtered will be influenced by feed supplies and by cattle price trends during the year. Adverse conditions could lead to an increase in cow slaughter and in cow beef output.

A reduction of 2 percent in slaughter of calves in 1955 will help to maintain the supply of steers and heifers for slaughter in 1956. The supply of steer beef will probably be almost as large as this year. A high proportion of it again will be of the higher grades obtained from fed steers. The supply of heifer beef may be down a little.

Table 1.- Production and consumption per person of red meat and poultry,
United States, 1949-55 and forecast for 1956

Production 1/

Year	Red meats							Poultry		Red and poultry	
	Beef		Veal	Lamb and mutton	Pork excluding lard	Total	2/	meat	meat	meat	meat
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	
	9,439	1,334	603	10,286	21,662	3,560	25,222				
	9,538	1,230	597	10,714	22,079	3,782	25,861				
	8,843	1,061	521	11,483	21,908	4,254	26,162				
1949	9,667	1,173	648	11,547	23,035	4,421	27,456				
1950	12,433	1,556	728	10,063	24,780	4,440	29,220				
1951	12,991	1,656	734	9,952	25,333	4,772	30,105				
1952	13,600	1,625	750	10,900	26,875	4,650	31,525				
1953	13,350	1,525	725	11,400	27,000						
1954											
1955											
1956											

Consumption per person

	Pounds							
1949	63.1	8.7	4.1	66.8	142.7	22.6	165.3	
1950	62.6	7.9	3.9	68.2	142.6	24.3	166.9	
1951	55.3	6.6	3.4	70.9	136.2	26.5	162.7	
1952	61.5	7.1	4.1	71.6	144.3	27.6	171.9	
1953	76.7	9.5	4.6	62.9	153.7	27.1	180.8	
1954	79.2	9.9	4.5	59.7	153.3	28.7	182.0	
1955	81	9.6	4.5	66	161	27	188	
1956	78	9.0	4.3	67	158	28	186	

1/ Production of red meats is carcass weight equivalent of production from total United States slaughter.

2/ Chicken, including commercial broilers, and turkey, ready-to-cook (eviscerated) basis.

3/ Partly forecast.

4/ Forecast.

Veal

With fewer cows to be on hand and fewer calves likely to be born, production of veal and calf meat probably will decrease somewhat next year. The reduction could be greater in calf meat -- primarily obtained from beef calves -- than in dairy veal. Consumption per person, estimated at 9.6 pounds for 1955, may be down to about 9.0 pounds in 1956.

Lamb and Mutton

Consumption of lamb and mutton per person has varied between about 4 and $4\frac{1}{2}$ pounds the last few years. Even this low rate was possible only because the annual percentage lamb crop (lambs saved per 100 ewes) has been rising, and because a slow net reduction in sheep inventories has added to lamb slaughter each year. There is little reason to expect an increase in next year's supply of lamb and mutton above the 4.5 pounds consumed in 1955. A small decrease, to around 4.3 pounds, is a more reasonable expectation.

Pork

The supply of pork, which has increased a great deal in 1955, will go up a little more in 1956.

Pork production decreased for two years starting from a postwar high in 1952. The 60 pounds consumed per person in 1954 was the least in 16 years. As production increased sharply in 1955, consumption per person rose to 66 pounds.

Pork output in the first half of 1956 will exceed a year earlier because of the 10 percent more pigs indicated for the 1955 fall pig crop. Hogs from that crop will be marketed from February through July. Output in the second half will not be much different from the same period of 1955, since the 1956 spring pig crop is expected to be about the same size as the 1955 spring crop.

In addition to the slowdown in hog production, two other factors will limit the increase in supply of pork in 1956: (1) The carryover of previous spring crop barrows and gilts on January 1 for January-February slaughter will be up only a little from last January. Spring crop hogs are being marketed earlier this year. (2) Less pork will be carried over in cold storage. Cold storage stocks of pork on October 1 were 17 percent below the previous October, and movement into storage in late fall probably will be slow. Despite the substantially larger

slaughter of hogs during the winter and spring, the pork output for all of 1956 is forecast at only about 4 to 5 percent above 1955. Consumption of pork per person is estimated at 1 pound or so higher than the 1955 rate. The 67 pounds in prospect continues about the average rate of the last 10 years.

Retail Prices of Meat
to Change Little

As prospective changes in meat supplies are small, retail prices in 1956 also will not differ much from 1955. Choice beef might average a few cents higher, while pork prices may be slightly less than their average of 1955. The average price for all meat may be nearly the same as in 1955.

Retail meat prices have declined considerably the last few years. The United States average price of Choice beef cuts dropped to about 67 cents per pound beginning in May 1955. Except for a few months in 1953 this was the lowest since May 1949. It was much below the 89 cent average in both 1951 and 1952 (table 2).

The average retail price of pork dropped as low as 48.5 cents in March 1955, and for the year will average about 50 cents. This is the lowest average since 1950.

Marketing Margins
Widen in 1955, May
Not Increase in 1956

Prices of meat at retail and of meat animals have traced roughly similar courses the last few years. However, margins between live animal and retail prices have followed their customary behavior of widening when supplies increase, and narrowing when supplies are smaller. Margins appear to have widened in 1955. The margin for pork in both the first and third quarters, as estimated by the Agricultural Marketing Service, was a record for those quarters. The April-June margin was less (table 2).

The marketing margin for beef was relatively narrow early in 1955, when supplies of high grade steers were reduced. It increased later, and the 26.5 cents estimated for July-September was the widest for that quarter except for the same quarter of 1952.

Margins are not likely to increase more in 1956 and might narrow a bit, as the increase in meat supplies comes to a halt.

Table 2.- Retail prices and marketing margin for meat
by years, 1948-53, by months 1954 to date

Year and month	Retail price or cost			Marketing margin	
	All meat products 1/	Beef, Choice, per pound	Pork ex. lard, per pound	Beef	Pork
	Dollars	Cents	Cents	Cents	Cents
1948	278.88	75.3	55.0	22.3	17.7
1949	253.88	68.4	49.2	20.2	18.8
1950	265.06	75.4	48.7	21.3	18.7
1951	299.85	88.9	52.8	23.1	20.3
1952	296.76	89.3	52.1	26.8	22.0
1953	272.90	69.6	57.4	25.8	21.3
1954					
Jan.	278.84	69.0	61.1		
Feb.	279.48	68.2	61.8	25.1	20.5
Mar.	278.33	67.3	61.7		
Apr.	280.14	67.3	62.3		
May	281.80	68.3	62.3	24.5	22.4
June	279.76	68.8	61.2		
July	272.29	68.3	58.6		
Aug.	266.27	67.5	56.9	24.1	24.1
Sept.	265.96	68.6	56.4		
Oct.	259.37	68.9	53.7		
Nov.	256.68	70.0	52.1	21.9	23.1
Dec.	254.12	69.9	51.1		
Av.	271.09	68.5	58.3	23.9	22.6
1955					
Jan.	252.49	70.2	50.3		
Feb.	250.52	69.8	49.7	22.5	22.8
Mar.	246.43	69.0	48.5		
Apr.	246.65	68.7	48.6		
May	245.84	67.2	49.3	25.7	21.5
June	252.50	67.5	51.5		
July	252.73	67.1	51.8		
Aug.	249.57	66.9	50.7	26.5	24.7
Sept.	252.80	67.7	51.7		

1/ Composite value of meats in "market basket."

Compiled from data of the Marketing Research Division, AMS.

Demand for All Meat
Unchanged in 1955

The retail value of meat consumed decreased slightly in 1955. Since personal incomes of consumers continued to rise, the percent of income spent for meat decreased to a greater degree.

Larger supplies of meat per person were a cause of lower expenditures relative to incomes. A large supply is usually bought at much lower prices and smaller expenditure than is a small supply. After adjustment for the effect of the larger supply, demand for meat appears to have been about as strong in 1955 as preceding years. But its failure to increase indicates that consumers have not been disposed to spend many of their extra dollars in 1955 at the meat counter.

Consumer incomes are expected to be as large or a little larger in 1956 than in 1955. If a small decline in meat supplies per person materializes, expenditures for meat may hold up well and might increase.

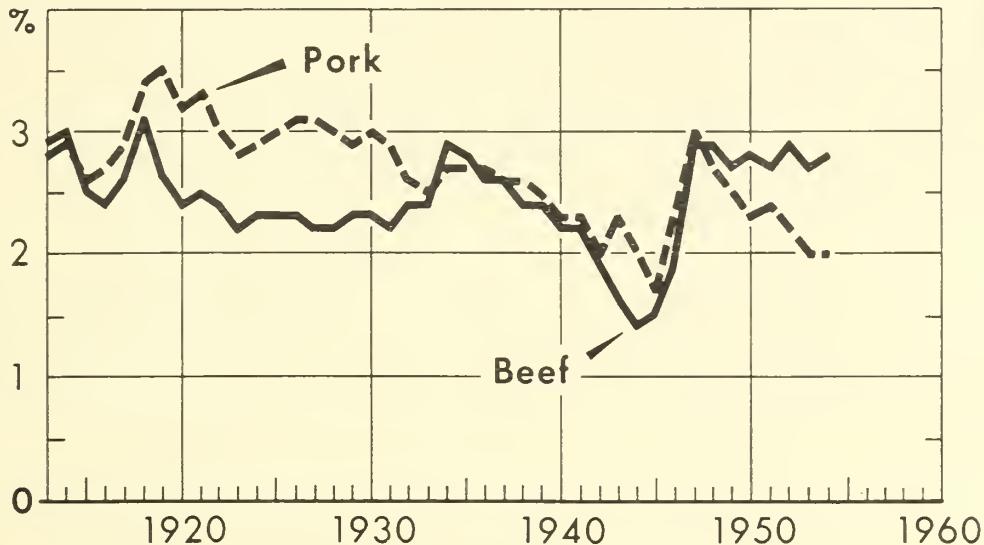
Demand for Pork
Losing Ground Relative
to Beef

Over many years consumers in the United States have turned away from pork toward beef. This shift is shown dramatically in the chart on page 11. The percent of incomes spent for beef has been stable; that spent for pork has decreased.

Percentage expenditure for pork recovered briefly just after the end of World War II. Meats and fats were scarce relative to total demand during that period of general price inflation. But expenditures for pork decreased fast afterward. The downtrend, continuing in 1955, explains much of the weakness in prices of pork and hogs despite only moderately large supplies.

The trend away from pork reflects consumers' growing dislike for the fatter cuts. This has been a gradual change in attitude over a long time. Evidence of it is the prolonged decline in relationship of prices for the fatter cuts of pork to the leaner cuts. Another cause of loss of demand for pork is the shift of population from pork-eating areas (the South and all farming areas) to beef-eating areas. Still another is increased use of refrigeration in frozen food lockers and home freezers, which has aided demand for beef more than that for pork.

PERCENTAGE OF CONSUMER'S DOLLAR SPENT FOR BEEF AND PORK



U. S. DEPARTMENT OF AGRICULTURE

NEG. 1827-55 (9) AGRICULTURAL MARKETING SERVICE

As a rule, any decline in preference by consumers shows up most during periods of large supply and low price. For this reason the attitude toward fat pork doubtless has become a greater price-depressing factor in 1955.

Developments toward producing more meat-type hogs are an adjustment to consumers' likes and dislikes. They will be encouraged as wider price differentials become established. Substantial price differentials on the live animal would be made possible if similar differentials were realized at wholesale and retail.

Trends in demand for pork versus beef will not be reversed in 1956, but neither are they likely to be accentuated. Pork will probably continue to be lower in price relative to beef than comparative supplies would indicate, but the situation will not change much from that of 1955.

Imports of Meat
to Remain Rather Small

Total meat imports have decreased for 5 years. Imports might increase slightly in 1956, but would remain small.

Imports of pork have increased but those of beef have decreased a great deal. Meat imports now consist chiefly of (1) canned beef from South America; (2) some cured beef from Mexico; (3) a little fresh beef from Canada; (4) canned hams from Europe and Canada; (5) some fresh pork from Canada. Imports of beef in 1954 were the equivalent of 1.7 percent of domestic production, and of pork, 1.8 percent of production. (See table 3 for detailed data on exports and imports of meat by country the last two years, and table 4 for overall totals for several years.)

Lower prices for pork in the United States will tend to discourage imports in the next year, though imports of canned hams will continue to find a selective market here. Imports of beef may increase somewhat, as prices here may strengthen while uptrends in cattle production and slaughter in both Argentina and Canada may make more beef available to foreign trade.

Exports and shipments of meat have not changed much the last 3 or 4 years and little departure from recent quantities is likely in 1956. Exports of lard and tallow are much greater than those of meat. Total out-movement of lard for 1955 will exceed 600 million pounds, and that of tallow and grease will total at least 1,250 million pounds. Reductions in the volume of movement of these products are not likely in 1956.

THE OUTLOOK FOR FEED SUPPLIES

Feed supplies and pasture condition are more favorable for maintaining livestock production in 1956 than they were for 1955.

The 1955 harvest of feed crops was relatively large in nearly all regions. The corn crop was estimated October 1 at 3,118 million bushels, 5 percent more than last year. Crops of oats, barley, and grain sorghums also were larger, and the total for all feed grains was up 6 percent.

Table 3.- United States foreign trade in meat, by countries, 1953 and 1954

Product and year	Exports and shipments, product weight						Imports		
	Exports, by destination						Product weight, by country of origin		
	Canada	Netherlands	Germany	Mexico	Cuba	Venezuela	All other	Total	Product : Carcass weight : weight equivalent
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
Beef and veal									
1953	11.7	0.1		3.5	0.2	0.1	0.6	22.5	38.7
1954	12.2	.1		2.6	.1	.1	.6	18.1	33.8
Lamb and mutton									
1953	.7	2/		---	2/	2/	2/	.6	1.3
1954	.6	---		---	---	---	---	.2	.8
Pork									
1953	.1	6.9		35.7	2.0	22.6	1.8	10.5	79.4
1954	.1	9.2		11.9	1.3	19.6	1.8	9.0	52.9
Total meat 3/									
1953	13.2	7.1		39.2	2.6	22.8	3.8	38.3	127.0
1954	13.5	9.3		14.5	1.7	20.0	3.5	37.4	99.9

1/ Guam, Puerto Rico and Virgin Islands. 2/ Less than 500,000 pounds. 3/ Includes sausages, bologna and frankfurters canned and not canned, sausage ingredients, meat and meat products canned n.e.c., and canned baby food. 4/ Includes boneless beef as estimated 1953 and reported 1954. 5/ Nearly all imports from Australia. All data from official records of the Bureau of the Census.

Table 4.- Foreign trade in meat, product weight, United States,
by years 1950-54, by months 1955 1/

Year and month	Exports			Shipments to territories 2/			Imports for consumption		
	Beef	Lamb	3/	Beef	Pork	Sausage	Beef	Lamb	Pork
	and and	and	4/	and	and	veal	and veal	and	4/
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.
1950	16.5	0.3	58.3	5/ 4.3	3.5	34.5	7.6	210.1	3.4
1951	11.6	.2	82.2	5/ 5.7	2.9	36.1	5.7	324.1	6.7
1952	14.7	.4	96.8	4/ 4.5	3.0	39.8	7.2	284.3	6.2
1953	38.7	1.3	79.4	4/ 4.8	8.0	42.8	8.4	160.1	3.1
1954	33.8	.8	52.9	7.8	9.4	39.0	8.7	125.7	2.1
1955									
Jan.	7.0	.1	4.8	.5	1.1	3.3	.8	6.5	.1
Feb.	6.4	6/	6.5	.6	1.1	3.9	.8	5.7	6/
Mar.	3.4	6/	6.2	.5	1.0	5.2	1.0	9.1	.5
Apr.	1.9	6/	6.3	.4	1.0	3.5	.8	8.4	.3
May	2.5	6/	6.0	.4	.8	3.6	.7	8.8	.5
June	2.2	6/	5.5	.4	.9	3.7	.8	13.2	6/
July	2.9	6/	4.2	.6	1.0	3.6	.8	12.1	.1
Aug.	2.7	6/	3.6	.8				14.1	.1
									13.7

1/ For earlier years see the Livestock and Meat Situation, March 3, 1955, table 18.

2/ Puerto Rico, Virgin Islands and Guam.

3/ Includes boneless beef as estimated 1950-53 and as reported 1954-55.

4/ Includes sausage.

5/ Includes sausage ingredients not reported separately after 1951.

6/ Less than 50,000 pounds.

Compiled from reports of the Bureau of the Census.

The hay crop was record large, 5 percent above the 1954 crop.

Feed crop yields were high in all regions except the Western Corn Belt, which suffered serious drought in late summer and a reduced corn harvest. The estimated corn crop was down 15 percent for Iowa, 28 percent for South Dakota, 47 percent for Nebraska, and 20 percent for Kansas. But this year's crop was large in all Eastern Corn Belt States except Wisconsin. And the good crop in the South was a 50 percent improvement over the small 1954 harvest there (table 5). 1/

Drought that damaged pastures severely in 1954 was relieved by spring rains in 1955. In late 1955 pasture and range feed conditions were relatively good in all regions except the Western Corn Belt, Central Plains, and a few scattered areas.

Prices of most feeds were lower in late 1955 than the previous year. The October price received by farmers for corn was down 31 cents per bushel from October 1954. The price of oats was off 14 cents per bushel, and of hay, \$1.80 per ton.

Prices of feed grains will probably advance seasonally during the winter and spring but will average less than a year before. The larger supplies and lower support prices will hold prices below year-earlier levels.

Movement of corn into price support will affect the quantity of corn to be fed. Last year, 259 million bushels were put under support, though this was partly offset by sales of about 150 million bushels out of Government storage due to deteriorating condition. In 1955, as in 1954, only those producers in the commercial area who complied with corn allotments became eligible for price support on corn at the full rate. It is not known how much corn will go under support this winter, but the quantity will probably be at least as much as last year. It also is not known how much will be sold out of CCC stocks. The supply of "free" corn outside of price supports was considerably larger than a year before at the beginning of the 1955-56 season; but the total to be available during the year will probably be up less, depending on the volume of CCC movements.

1/ See the Monthly Crop Report for Nov. 1 and Dec. 1 for revisions in estimates of 1955 feed production.

Table 5.- Production of feed grains and hay,
1955 compared with 1954

Crop and region	Production		: 1955 as a : percentage : of 1954 : :	
	1954	1955 1/		
	: Million bushels			
	1954	1955 1/		
Corn				
North Atlantic	110	105	95	
East North Central				
Ohio	232	234	101	
Indiana	256	271	106	
Illinois	449	500	111	
Michigan	83	90	108	
Wisconsin	154	140	91	
Total	1,175	1,235	105	
West North Central				
Minnesota	277	279	101	
Iowa	540	460	85	
Missouri	69	165	239	
North Dakota	26	29	112	
South Dakota	116	83	72	
Nebraska	196	104	53	
Kansas	40	32	80	
Total	1,263	1,152	91	
South Atlantic				
South Central	164	239	146	
Western	221	345	156	
United States	30	41	137	
	2,965	3,118	105	
Oats				
Barley	1,500	1,636	109	
Grain sorghums	370	387	105	
	204	229	112	
: Million tons		: Million tons		
Total, 4 feed grains		122	129	
Hay	104.4	109.9	105	

1/ Indicated October 1. See November 1 Crop Report for revisions of data.

Storage holdings of old-crop corn and other feed grains in Government hands or under seal on farms are record large. Little of this grain, other than that released as in danger of deterioration or sold in a drought feed program, will be fed in the coming year, since market prices will stay below release prices.

Supplies of by-product feeds also will be larger this next year. Most of the increase will be in soybean meal. Prices of these feeds will average lower than in the past year, since they will be especially lower during fall and winter months. However, they will not be as low in relation to feed grain prices as they were at times in the past year.

THE OUTLOOK FOR BEEF CATTLE IN 1956

Cattle Numbers and Slaughter to Stay High in 1956; Downtrend May be Beginning

Numbers of cattle on farms and ranches, which increased to a record 95.4 million in January 1955, may decrease slightly in 1956 but will remain high. The number slaughtered also will probably be reduced, but only moderately.

Of most significance to the outlook for cattle, both next year and later, is the substantial increase in the number of female stock slaughtered in 1955. In January-September, the kill of cows and heifers was each up 10 percent.

It was the third sizable increase in a row in cow slaughter, and the fourth in heifer slaughter. Both reached all-time highs (chart, page 18 and table 6). She-stock slaughter for 1955 had little effect on the 1955 calf crop, since many cows dropped calves before they were marketed. But it will reduce the size of the calf crop in 1956 and probably later. With fewer calves born, the annual cattle inventory will probably drift cyclically downward until farmers again begin to withhold cows and young stock.

Slaughter of other classes was cut back slightly in 1955. Reductions for the year may be about 8 percent in bulls and stags and 2 percent in calves, while steer slaughter will be about unchanged from 1954. Total slaughter of all cattle and calves will be about 40.0 million. This is 700,000 or 2 percent more than the 39.3 million killed in 1954 (table 7).

No data are yet available on the size of the 1955 calf crop. The number of cows and two-year-old heifers on farms at the beginning of the year was almost exactly the same as in the previous year. Hence, the calf crop probably increased little if at all. Based on these data, the likelihood is for total cattle numbers in January 1956 to be about the same as last January, with a small decrease more likely than an increase.

1955 Slaughter up Least
in Southern Plains

Slaughter of cows, heifers and calves in 1955 has increased less in Southern Plains States than elsewhere. That region needed to restock when rains relieved the previous drought.

Cow slaughter in 1955 has fallen below 1954 in the Southwest North Central region (Missouri and Kansas) and the East North Central States, and it has increased little in the North Atlantic States (table 8). The first is a region that slaughters cattle from the Southern Plains, while the latter two are predominantly dairy regions producing fluid or manufacturing milk. In all other regions, cow slaughter is considerably above last year.

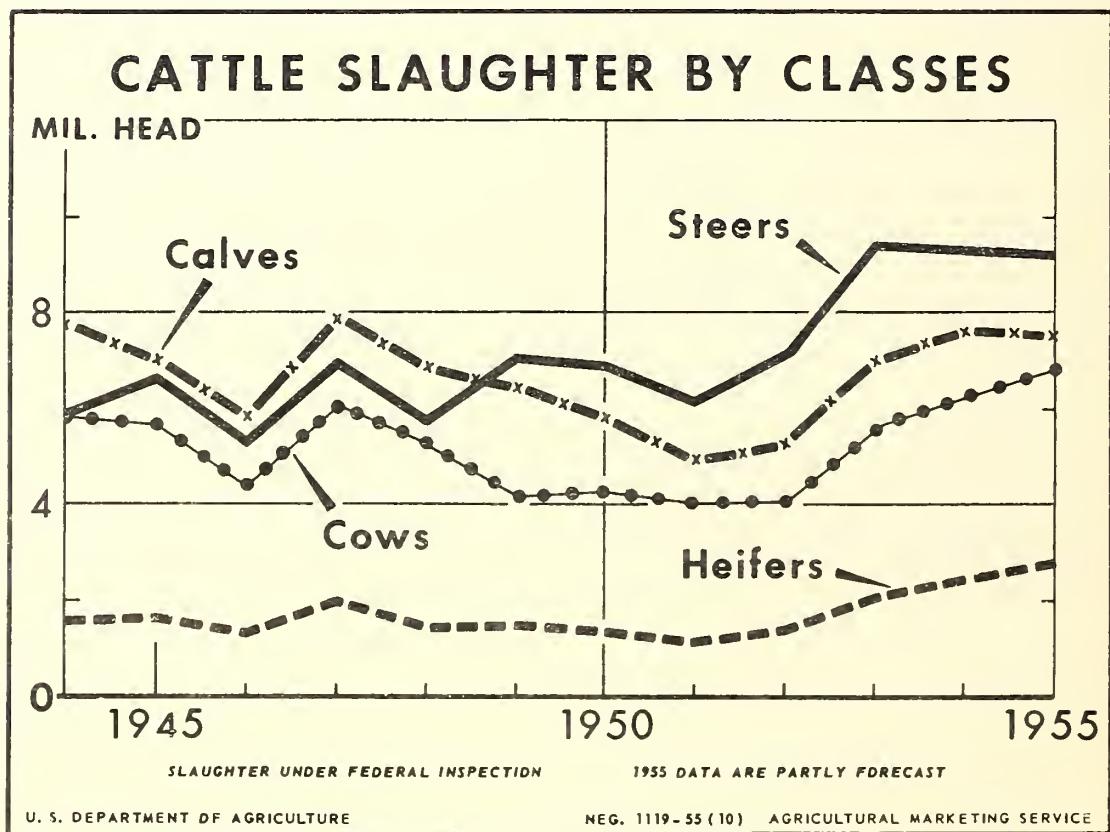


Table 6.- Number of cattle and calves on farms January 1, calf crop, and number slaughtered, 1948 to date

Year	Number of cattle and calves						Number slaughtered	
	on farms January 1							
	All cattle and calves	For milk	Not for milk	Calf crop	Cattle	Calves		
	Total	Cows	Total	Cows				
	1,000	1,000	1,000	1,000			1,000	1,000
	head	head	head	head	head	head	head	head
1948	77,171	36,169	24,615	41,002	16,010	33,125	19,177	12,378
1949	76,830	35,270	23,862	41,560	15,919	33,748	18,765	11,398
1950	77,963	35,455	23,853	42,508	16,743	34,846	18,624	10,504
1951	82,025	35,606	23,722	46,419	18,396	35,706	17,100	8,913
1952	87,844	35,637	23,369	52,207	20,590	37,992	18,668	9,408
1953	93,637	36,744	24,094	56,893	22,490	40,952	24,529	12,253
1954	94,787	37,301	24,675	57,486	23,833	42,210	25,958	13,320
1955 1/	95,433	37,020	24,408	58,413	24,166	---	2/26,850	2/13,100

1/ Preliminary.

2/ Partly forecast.

Table 7.- Number of cattle slaughtered under Federal inspection, by classes, with percentage of total, 1947 to date

Year	Percentage of total							
	Bulls							
	Steers	Cows	Heifers	and	Steers	Cows	Heifers	and
	1,000	1,000	1,000	1,000	head	head	head	head
	head	head	head	head	Percent	Percent	Percent	Percent
	1,000	1,000	1,000	1,000	head	head	head	head
1947	6,968	6,030	1,953	573	44.9	38.8	12.6	3.7
1948	5,751	5,279	1,483	481	44.3	40.6	11.4	3.7
1949	7,090	4,178	1,492	462	53.6	31.6	11.3	3.5
1950	6,944	4,267	1,390	503	53.0	32.6	10.6	3.8
1951	6,180	4,008	1,199	492	52.0	33.7	10.1	4.2
1952	7,171	4,090	1,408	496	54.5	31.1	10.7	3.7
1953	9,445	5,591	2,049	545	53.6	31.7	11.6	3.1
1954	9,302	6,236	2,472	466	50.3	33.8	13.4	2.5
1955 1/	9,300	6,700	2,625	430	48.8	35.1	13.8	2.3

1/ Partly forecast.

Compiled from Market News, Livestock Division.

Table 8.- Percentage change in number of cows, heifers and calves slaughtered under Federal inspection, by regions, January-September 1955 compared with 1954

Region	:		
	:		
	Cows	Heifers	Calves
	Percent	Percent	Percent
North Atlantic	5	21	4
South Atlantic	30	33	1
North Central			
East	-5	-1	-1
Northwest	22	11	2
Southwest	-8	10	-21
South Central	12	-4	-6
Mountain	37	21	3
Pacific	21	16	12
United States	10	10	-1

Estimated from monthly data published in Market News, Livestock Division.

Heifer slaughter has risen least in roughly similar regions, the Southern Plains and part of the Northeast dairy region.

Calf slaughter has been about unchanged from 1954 except in the Pacific Coast, where it has increased, and in the Southwest North Central and South Central regions, where it has decreased.

Increased Cow, Lowered Calf
Slaughter Reflects Swing to
Cattle Feeding Enterprise

In the past, every cyclical expansion in cattle numbers has been followed by a contraction of several years in which numbers have lost about half to two-thirds their previous gain. The downswing is usually brought about by two forces, alone or in combination: Lower prices for cattle, which discourage further production and often jeopardize the financial and credit position of producers; and shortage of feed, as forage consuming livestock increase beyond grazing capacity.

In the typical downswing slaughter of cows and heifers increases, reducing the number of calves born each year. Slaughter of calves also usually increases at the outset of the declining phase, speeding the drop in inventory numbers.

In the current cycle, prices of cattle have declined greatly from their 1951 high. However, the income position and financial resources of most producers are less critical than at the corresponding stage of some earlier cycles. Unusually strong demand for beef, supported by high consumer incomes, has alleviated the severe economic distress that often occurs. At the same time, the feed supply (range and concentrate) has improved after the droughts of 1952 to 1954 and is now adequate. It is not as much a limiting factor on cattle production as it has been at some times in the past.

Steepest price declines have been in cow prices. When cattle prices were rising fast between 1949 and 1951, cow prices led the advance. By October 1955, prices of Utility slaughter cows were down 55 percent from four years earlier. Prices of Good feeder steers had fallen less -- 47 percent, and prices of Choice slaughter steers had declined least -- 39 percent.

Lower prices for breeding stock have shifted the economic advantage away from the production enterprise. During the expansion phase of most cycles, cow-and-calf operations enjoy a preferred position. They lose that spot when prices decline. Instead, feeding becomes more attractive.

Strong demand for beef and adequate feed have given cattle feeding particular support in the current cycle. Because of them, cattle feeding reached record volume in 1955 while cow and heifer slaughter was increasing to a new high. Strength in the cattle feeding side -- and therefore in demand for young feeder stock -- also largely explains the reduction in the number of calves slaughtered.

Cattle Numbers to Go Down Less Than Usual

Since the present cycle is only partly typical, its future course will not compare exactly to the usual downswing. It appears that enough cows have already gone to slaughter to indicate some decrease in calf crops and in total numbers the next few years, as was noted above. But retention of young stock will keep the cyclical decline small. The downswing in cattle numbers could be slower, shorter, and smaller overall than in previous cycles.

This is the expectation provided no serious business recession or widespread drought occurs. The higher the level of cattle numbers and beef output, the more vulnerable is the cattle situation to any adversity.

Cattle Slaughter in 1956
Likely to Decline Slightly

Prospects are that slightly fewer cattle will be slaughtered in 1956 than in 1955.

Steer slaughter next year promises to be nearly as large as in 1955. The supply of calves held for slaughter as steers and heifers next year is probably large enough nearly to maintain the steer slaughter rate. The number of cows to be slaughtered is more uncertain. It will depend on decisions of producers as to the size of cow herds for the future -- which will in turn be influenced by price trends and range and pasture conditions during the year. In some areas, cow slaughter will stay large and might increase. In others, it will decrease. The most probable outlook is for a small net reduction in the cow slaughter rate. With fewer heifers to be fed, and perhaps as many or more to be retained for breeding, heifer slaughter also is likely to decline a bit in 1956. The sum is a probable small reduction in slaughter of all classes combined, though with weather and other factors to be a controlling influence.

Prices May Show Beginning
of Cyclical Upswing

A small reduction in slaughter along with undiminished consumer demand for meat would point to a prospective beginning of a cyclical improvement in prices of cattle. Since prospective changes in slaughter are small, indicated changes in price also are of limited scope. And since adverse circumstances could alter the slaughter rate, the chances of price advance are by no means certain.

In October 1955, prices of all classes of cattle and calves except higher grade fed cattle were about equal to a year earlier. The price of fed stock had failed to increase seasonally because an expanded volume of cattle feeding, together with larger slaughter of cows, had resulted in a record large monthly output of beef (table 9).

Prices of fed cattle will be slow to advance, since a large slaughter of those classes and of all cattle is likely this winter. On October 1, the number of cattle on feed in 13 States was up 19 percent from a year before. Much of the increase consisted of cattle that had been on feed for some time and available for October-December slaughter. Part, however, represented cattle placed on feed earlier than in the preceding fall. Dry pastures in some Midwest feeding areas caused cattle to be turned into feedlots earlier this fall than last.

Also, price trends in the past 12 months may have encouraged earlier feeding. Prices for fed cattle were relatively high early in 1955. They declined in the spring and failed to recover during the summer and fall. Remembering that price pattern, more feeders have probably aimed for the winter market this year. Prices of fed cattle will likely make some recovery sometime during the winter but will generally not change a great deal and will remain below prices of last winter.

In most years, prices of fed cattle turn upward at some time in the summer and fall. Such a seasonal advance did not occur in 1955, but could very well reappear in 1956.

If cattle prices generally strengthen during 1956, prices of cows and feeder cattle also would derive considerable benefit. Prices of these classes are among the first to turn upward when a cyclical uptrend commences.

1954-55 Feeding Profits
Above Average for Early
Sales, Below for Late Sales

Profits in various feeding programs in the 1954-55 feeding year just completed were governed by the downtrend in fed cattle prices in the first half of 1955. Cattle fed for an early market returned better than average profits. Those for late sale brought below-average profits.

Data in table 10 are illustrative. They show approximate average costs and returns in 6 standard Corn Belt feeding programs. They are calculated from reported market prices.

Highest profits in 1954-55, among the 6 programs, were in short feeding of heavy steers for March-May sale. Next highest were in short feeding of Medium yearling steers for January-February sale. Similar short feeding later in the year (not illustrated) of course proved less profitable than the two programs as laid out for early sale.

Other programs brought rather low profits. Heifer calves turned out more profitable than steer calves. For the second straight year, they were bought at considerably lower prices than steer calves; and their June-July selling prices were almost as high as the August-October selling price for Choice steers.

The small profits in long feeding were preserved by declining prices of feed. Without a reduced feed cost, long feeding would have been even less profitable.

Table 9.- Market price per 100 pounds for selected classes of meat animals, by years 1949-54, by months 1955

Period	Beef steers for slaughter, Chicago		Cows, Chicago		Stocker:Barrows:		Lambs	
	1/	2/	and	and	feeder	gilts,	3/	Feeding,
1949	26.07	19.77	25.80	18.41	13.95	21.34	18.62	25.45
1950	29.68	22.86	29.35	21.48	16.48	26.67	18.39	27.30
1951	35.96	28.31	35.72	27.76	20.93	32.63	20.74	34.29
1952	33.18	22.70	32.38	21.74	16.82	25.55	18.28	27.40
1953	24.14	15.77	23.62	13.92	10.67	17.35	22.03	22.96
1954	24.66	15.27	24.23	13.28	9.60	18.97	22.13	22.08
1955								
Jan.	26.98	14.95	26.12	12.38	9.29	20.40	16.75	21.21
Feb.	26.17	15.07	24.46	13.50	10.28	20.46	16.10	22.06
Mar.	25.80	15.40	24.12	13.96	10.74	21.28	16.11	23.24
Apr.	24.62	15.71	23.36	14.70	11.08	21.25	16.90	22.12
May	23.09	15.10	22.18	14.02	10.73	20.01	17.24	3/19.08
June	22.63	14.64	22.15	14.08	10.91	19.03	19.51	4/24.14
July	22.72	15.59	22.52	13.23	10.68	18.19	17.83	4/22.07
Aug.	22.43	14.26	22.33	12.53	9.80	17.69	16.31	4/21.79
Sept.	22.69	14.55	22.67	12.26	9.41	17.97	16.18	4/21.11
Oct.	22.01	14.22	21.95	12.58	9.61	18.02	14.44	20.58
								18.18

1/ Data prior to 1951 are approximate equivalent of present grades.

2/ Average for all weights and grades.

3/ Shorn.

4/ Spring.

Compiled from Market News, Livestock Division.

Table 10.- Net returns in 6 cattle feeding programs, 1953-54 and 1954-55 1/

		1953-54			1954-55		
		Price	Price	Net return 2/	Price	Price	Net return 2/
Feeding program		paid	received	for fed	paid	for fed	for fed
feeder, cattle,	per	margin,	per	per	margin,	margin,	margin,
per : 100 lb.	per	100 lb.	per	head	per	per	per
:100 lb. : 100 lb.	:	:	:	fed	100 lb.	100 lb.	100 lb.
:	:	:	:	:	:	:	:
		Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
<u>Calves</u>							
Heifer calves, short fed--							
Bought as Good and Choice, Sept.-Oct.		14.44	22.70	8.26	29.69	33.80	17.16
Sold as Choice, June-July							22.00
Steer calves, long fed--							
Bought as Good and Choice, Sept.-Nov.		17.90	24.82	6.92	40.40	38.12	20.72
Sold as Choice, Aug.-Oct.							22.38
<u>Yearlings</u>							
Medium yearling steers, short fed--							
Bought as Medium, Sept.-Oct.		12.78	20.86	8.08	33.12	73.86	16.14
Sold as Good-Commercial, Jan.-Feb.							22.20
Good yearling steers, short fed--							
Bought as Good, Sept.-Nov.		16.12	24.32	8.20	36.72	41.61	19.09
Sold as Choice, Apr.-June							23.45
Yearling steers, long fed--							
Bought as Good and Choice, Sept.-Nov.		17.58	26.17	8.59	47.63	42.61	20.22
Sold as Prime, July-Sept.							23.50
<u>Heavy steers</u>							
Heavy steers, short fed--							
Bought as Good, Sept.-Nov.		16.37	25.94	9.57	56.98	65.80	19.23
Sold as Choice and Prime, March-May							26.48

1/ Feeding programs designed to be fairly representative of average feeding experience in the Corn Belt. Feeders are purchased in Kansas City and sold in Chicago. 2/ Net returns over cost of corn, hay, protein supplement, pasture, transportation and marketing expenses. Does not include labor, overhead, cost of other feeds and death loss, or credit for manure and for hogs following feeders.

Profits in Feeding
in 1955-56 Not Likely to
Exceed Average

Lower costs of feed are the most favorable element in the outlook for profits in cattle feeding in 1955-56. Even though fed cattle prices are lower, prices of feeder cattle this fall are averaging nearly as high as last fall. Feeder prices were higher at times but in early November were slightly lower than a year before.

Since the feed cost will have much to do with profits, the prospects for acceptable profits are brighter in regions where feed crops this year are large, and less bright in drought areas where feed is scarcer and higher in price.

If price trends for slaughter cattle should return to a normal seasonal pattern next year, the relative profits among various programs would be almost opposite to this year: Short-term programs for early sale would generally return less profit than long-term feeding for later marketing. Long feeding of steer calves and yearling steers would again rank as the highest profit-producers, partly because they require more feed and therefore take most advantage of lower costs of feed. These rough indications are not forecasts; the probable seasonal path of prices cannot be foreseen with enough accuracy for more than the roughest indications of profits program by program.

Volume of Feeding
Again to be Large

Strong demand for meat, rising supplies and declining prices of feed, and relatively higher prices of fed cattle than other classes have all contributed to record cattle feeding activity in the last 3 years and will keep it large in 1956.

More cattle had already been placed on feed by the start of the season on October 1 this year than last. The number in 9 States that had been placed on feed the preceding 3 months was up 20 percent over the year before. Movement to feedlots in October may have been nearly equal to October 1954. Despite reductions in the Western Corn Belt, it is likely that about as many cattle will be on feed this January 1 as last year.

Imports of Cattle Up
in 1955 as Border Opens;
Little Change in 1956

Imports of cattle into the United States in 1955 will total between 300,000 and 400,000 head. This is a substantial increase from the 86,000 of last year, when the Mexican border was closed (table 11).

More than three-fourths of 1955 imports are coming from Mexico. Canada's shipments to this country have been small. Even though cattle marketings have increased there, the domestic Canadian demand has been stronger than demand from the United States.

Imports of all cattle are not likely to increase in 1956. Canada might send in a few more. Mexican shipments in 1955 included some held back awaiting the opening of the border January 1. No such backlog will exist for next year. More important will be the 1956 export quota to be set by the Mexican Government. The quota has not been announced. Indications to date, however, have been for a possible reduction from the quota, and from actual imports, in 1955.

THE OUTLOOK FOR HOGS IN 1956

Hog Slaughter to be
Larger Through First
Half of 1956

Production of hogs has increased for two years. From $8\frac{1}{2}$ million pigs saved in 1953, the smallest number since 1940, the annual pig crop jumped 11 million or 13 percent in 1954 and another $8\frac{1}{2}$ million or 9 percent in 1955. The 1955 spring pig crop was up 9 percent, and on June 1 producers planned a 10 percent gain in the fall crop (table 12).

More fall pigs will mean more hogs for slaughter in the first half of 1956. Fall pigs reach market from February through July.

The increase in slaughter rate over 1955 may be rather small in the first few months of 1956, but larger in the spring. According to a report from 9 States on September 1, less of the 1955 fall pig crop was born in summer months and more in mid-fall months than was the case a year before. Later farrowing would point to later marketing. In addition, a smaller percentage of the previous spring pig crop will likely remain on hand on January 1 for marketing in January and February. Last winter, the carryover of old-crop hogs was relatively large and added substantially to the market supplies the first few months.

Table 11.- Imports of cattle from Canada and Mexico, 1942 to date

Year	From Canada						
	Dutiable Cattle				Breed- ing cattle		
	700 pounds and over		Under 700 pounds		Total dutiable cattle	(free)	Total cattle
Year	Cows for dairy purposes	Other	Under 200 pounds	200 to 699 pounds	Head	Head	Head
	Head	Head	Head	Head	Head	Head	Head
1942 1/	19,509	115,475	53,015	9,033	197,032	16,107	213,139
1943	34,764	211	5,986	1,317	42,278	22,369	64,647
1944	33,624	164	5,551	1,038	40,377	16,748	57,125
1945	43,919	77	8,427	1,535	53,958	22,163	76,121
1946	64,737	182	9,345	3,113	77,377	41,919	119,296
1947	43,912	95	7,642	1,372	53,021	29,869	82,890
1948 2/	84,275	214,645	23,571	96,335	418,826	42,853	461,679
1949	49,061	194,916	41,535	126,614	412,126	21,332	433,458
1950	46,591	173,000	38,985	179,709	438,285	22,610	460,895
1951	35,600	117,455	15,609	51,103	219,767	19,120	238,887
1952 3/	4,636	4,244	714	968	10,562	2,222	12,784
1953 4/	21,811	22,931	3,515	896	49,153	20,757	69,910
1954	17,633	46,798	2,872	3,377	70,680	15,259	85,939
	From Mexico						
1942	57	64,575	13,503	377,407	455,542	81	455,623
1943	170	77,309	8,283	501,592	587,354	582	587,936
1944	0	25,531	310	275,259	301,100	26	301,126
1945	62	41,917	1,315	392,132	435,426	9	435,435
1946 5/	1,348	25,714	708	410,552	438,322	152	438,474
1947 6/	0	792	0	638	1,430	---	1,430
1948	---	---	---	---	---	---	---
1949	---	---	---	---	---	---	---
1950	---	---	---	---	---	---	---
1951	---	---	---	---	---	---	---
1952 7/	2,381	43,617	96	81,185	127,279	---	127,279
1953 8/	175	25,364	485	101,901	127,925	2	127,927
1954	---	---	---	---	---	---	---

1/ Exports from Canada restricted by that country beginning June 15, 1942.

2/ Restrictions lifted Aug. 16, 1948. 3/ Imports prohibited beginning Feb. 15, 1952 due to outbreak of foot-and-mouth disease in Canada. 4/ Embargo removed March 1, 1953. 5/ Imports prohibited beginning Dec. 27, 1946 due to outbreak of foot-and-mouth disease in Mexico. 6/ Cattle imports shown in 1947 actually entered the United States in Dec. 1946 after the customs office closed its books. 7/ Embargo removed Sept. 1, 1952. 8/ Imports prohibited beginning May 23, 1953 following an outbreak of foot-and-mouth disease. (Embargo removed Jan. 1, 1955.)

Foreign Agricultural Service. Compiled from Foreign Commerce and Navigation of the United States and official records of the Bureau of the Census.

Table 12.- Pig crops and hog slaughter, United States, 1948-55,
with slaughter forecast for 1956

Year	Pig crop			Hogs slaughtered 1/
	Spring	Fall	Total	
	1,000 head	1,000 head	1,000 head	
1948	50,468	33,358	83,826	70,869
1949	56,969	36,275	93,244	74,997
1950	57,935	39,404	97,339	79,263
1951	62,007	39,804	101,811	85,581
1952	56,270	34,961	91,231	86,712
1953	49,703	31,809	81,512	74,783
1954	55,667	36,766	92,433	72,083
1955	60,453	2/40,500	2/100,953	3/80,400
1956				4/84,500
:				

1/ Total, including farm slaughter, for the calendar year. 2/ Estimate based on farmers' intentions for fall farrowing as reported June 1 and on an average size of litter for the fall crop with allowance for trend.

3/ Partly forecast. 4/ Forecast.

The prospect of no great carryover of spring-crop hogs in January 1956 derives from the heavy slaughter rate in early fall. Slaughter in October was especially large, a fifth above the previous October and a record for the month. Since a great many hogs had moved into slaughter and consumption by early November, prices may have ended their seasonal decline by that time. A program for buying pork and lard for surplus removal, announced by the Department of Agriculture October 24, also will help to prevent further declines. Although the downtrend may be ended, substantial price increases this winter do not seem very probable.

Hog-Corn Ratio Close
to Normal; Little Change
Likely in Spring Farrowings

Beginning in August, hogs from the 1956 spring pig crop will be slaughtered. The number slaughtered the rest of the year will be determined by the size of that crop. Farmers' intentions for spring farrowings will be reported December 22. Prospects have been that the crop will not change greatly from the $60\frac{1}{2}$ million pigs saved in the spring of 1955. Thus hog slaughter in the last 5 months of 1956 also may not differ much from a year before.

The expectation of little change in the 1956 spring pig crop is a composite judgment derived from several factors. Prices of hogs this fall, at 69 percent of parity in October, are so low as to be discouraging to producers. But the price of corn also is down and the hog-corn price ratio is only a little less than average. At its present level it has usually been followed by a small reduction in farrowings. (In two years, 1943 and 1944, a ratio similar to that of this year was followed by large reductions, but those were war years when other conditions were involved. See table 13.)

The corn crop is smaller in the Western Corn Belt, a major hog producing region. But it is larger in other regions. It is up by half in the South where a fifth of all hogs are raised.

How much corn goes under price support will have much to do with the size of the spring pig crop. If the supply of "free" corn for the feeding year should be substantially above last year, the spring crop will increase. If, instead, a large quantity goes under support and the remaining "free" supply is not so great, the spring pig crop will be reduced.

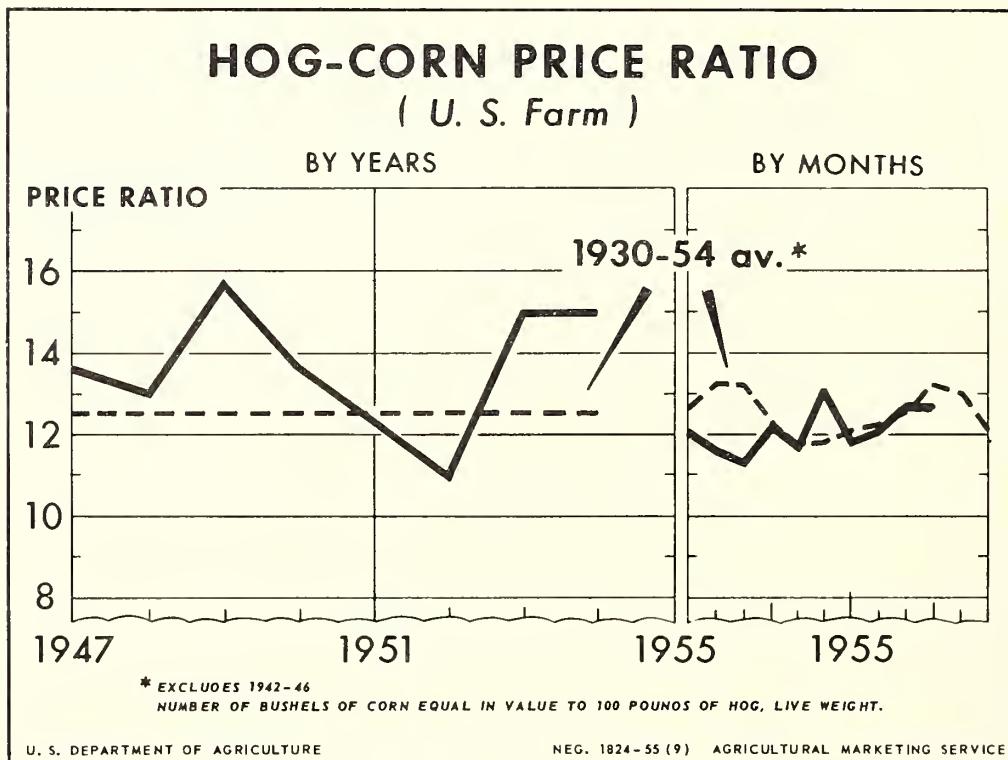


Table 13.- Hog-corn price ratio during fall breeding season, United States and North Central Region, arrayed according to United States ratio, and number of sows farrowing following spring, 1924-55

Year	Hog-corn price ratio		Number of sows farrowing following spring	Increase or decrease from preceding spring in sows farrowing		
	September-December 1/			Number	Percentage	
	United States	North Central States		Number	Percentage	
			1,000	1,000		
			<u>head</u>	<u>head</u>	<u>Percent</u>	
1938	17.2	18.8	8,692	1,897	27.9	
1942	17.2	18.4	12,174	2,490	25.7	
1948	17.1	17.5	8,820	987	12.6	
1926	16.6	17.5	9,754	706	7.8	
1941	15.5	16.3	9,684	1,924	24.8	
1949	15.4	15.8	9,174	354	4.0	
1937	15.3	16.7	6,795	618	10.0	
1953	15.8	16.2	8,071	771	10.6	
1946	14.8	15.6	8,548	471	5.8	
1935	14.7	15.8	6,954	1,487	27.2	
1932	14.2	17.4	9,122	312	3.5	
1950	13.5	13.7	9,591	417	4.5	
1925	13.5	15.3	9,048	714	8.6	
1954	12.8	13.0	8,758	687	8.5	
1945	12.7	13.5	8,077	-225	-2.7	
1943	12.4	13.4	9,246	-2,928	-24.1	
1944	12.3	13.4	8,302	-944	-10.2	
1955 2/	12.0	---	---	---	---	
1939	12.0	13.3	8,247	-445	-5.1	
1931	12.0	13.0	8,810	-159	-1.8	
1952	11.3	11.8	7,300	-1,180	-13.9	
1951	11.5	11.6	8,480	-1,111	-11.6	
1947	11.2	11.2	7,833	-715	-8.4	
1927	11.2	11.6	9,301	-453	-4.6	
1928	11.2	12.2	8,854	-447	-4.8	
1930	11.2	12.3	8,969	691	8.3	
1929	10.3	10.9	8,278	-576	-6.5	
1940	10.0	10.6	7,760	-487	-5.9	
1936	9.4	9.4	6,177	-777	-11.2	
1933	8.6	10.2	6,825	-2,297	-25.2	
1924	8.2	8.7	8,334	-1,465	-15.0	
1934	6.8	7.0	5,467	-1,358	-19.9	

1/ Based on prices received by farmers.

2/ Partly forecast.

Prices of Hogs to Average
Slightly Lower in 1956,
But May be Higher at Times

Farmers received \$14.50 per 100 pounds for hogs in October 1955. A year before the price was \$18.40. The 1955 average will be around \$15.50, the lowest since 1945.

Prices for hogs may average slightly lower in 1956. The difference will probably be small, and will largely arise from lower prices in early months of the year. Prices in some months of the second half may be as high or higher than at the same time of 1955.

Further price declines are expected to be small because the increase in supply of pork per person is likely to be small -- only a pound or so -- and the 67-pound consumption per person will not be unusually large. The fact that supplies will tend to level out will itself lend some support. Disproportionate declines in prices of hogs in 1955 are explained in part by the substantial size of the increase in supply within a short period of time. Lastly, the smaller supply of pork likely to be carried over into 1956 will be a modest price-strengthening factor.

Possibility of Downturn
in Hog Production in
Fall of 1956

If sufficient corn goes into support to spur an advance in corn prices this winter, so that the hog-corn ratio becomes definitely unfavorable in the spring, the pig crop in the fall of 1956 would turn downward. This would promise rising prices for hogs in the spring of 1957.

THE OUTLOOK FOR SHEEP AND LAMBS IN 1956

Another Reduction
Likely in January Inventories

From January through October 1955, 2 percent more sheep and lambs were slaughtered than in the corresponding 1954 period. Since the lamb crop was 1 percent smaller, the slaughter rate seems to foretell a decrease in sheep and lamb inventories next January.

If numbers are down, it will be the fourth decrease since 1952, when numbers recovered to a temporary peak. The 1956 inventory could be only a little above the all-time low in 1950.

Higher Lambing Percentage
Preserves Annual
Slaughter Rate

The 16.6 million sheep and lambs to be slaughtered in 1955 is the most since 1948 (table 14). Annual slaughter has been maintained the last few years in part by a slow net reduction in inventories, as some animals slaughtered out of inventories are not replaced. But a rising lamb crop percentage has helped too. The percentage (number lambs saved per 100 ewes) has increased the last few years, and the 95 percent for 1955 is the highest on record. Because of the improved lambing rate, production of sheep and lambs has held up better than their inventory numbers.

Sheep Production Moving
East

Sheep production is gradually moving from range to farm flocks, and from West to East. For example, compared with the 1950 low in numbers stock sheep inventories by regions in January 1955 were up 18 percent in the North Atlantic, 19 percent in the East North Central, 26 percent in the West North Central, and 13 percent in the South Atlantic. They had increased only 3 percent in the Mountain and Pacific States, and were down 14 percent in the South Central region.

Consistent with this trend, the lamb crop of 1955 increased 3 percent from 1954 in the Native (eastern) sheep States but decreased 3 percent in the Western sheep States.

Lamb Prices More
Stable in 1955 But
Average Lower;
Decrease Not Likely in 1956

Prices of lambs have been more stable in 1955 than in 1954 and much of the time they have been about as high as a year earlier. But because they did not sustain a March-April advance equal to that of 1954, the year's average price will be slightly lower.

The average price received by farmers for lambs in October 1955 was \$17.40 per 100 pounds, 20 cents lower than a year before. Lamb prices held up much better than slaughter steer prices during the fall.

Table 14.- Sheep and lambs on farms and ranches January 1, lamb crop, number slaughtered and wool production, United States, 1948-55

Year	Number January 1			Lamb crop	Total slaughter	Shorn wool production
	Stock	On feed	Total			
	sheep	head	head			
	1,000	1,000	1,000	1,000	1,000	Million pounds
	head	head	head	head	head	
1948	29,486	4,851	34,337	19,594	17,371	232
1949	26,940	4,003	30,943	18,298	13,780	213
1950	26,182	3,644	29,826	17,905	13,244	215
1951	27,253	3,382	30,635	17,989	11,416	226
1952	28,050	4,038	32,088	18,479	14,298	232
1953	27,700	4,161	31,861	19,600	16,311	230
1954	27,101	4,117	31,218	20,272	16,248	233
1955 2/	26,979	3,952	30,931	20,092	3/16,600	228

1/ Total slaughter including farm.

2/ Preliminary.

3/ Partly forecast.

Slaughter of sheep and lambs in 1956 will probably hold close to the rates of the last two years. Whenever inventory numbers turn upward, as they are expected to do sometime in the next few years, slaughter will be reduced. If this should happen in 1956, slaughter would be cut further below the 1955 rate.

The small changes in prospect for supplies and prices of meat animals in general make any major change in prices of lambs unlikely. Lamb prices are closely connected to prices of other meat animals, especially slaughter steers. The outlook for lamb prices in 1956 points to little or no decrease and the possibility of a small increase. When cattle prices achieve a more substantial cyclical recovery, lamb prices also will advance.

Wool Prices in 1955
Below Support; Prices
Not Likely to Differ Much
in 1956

Prices received by farmers for wool so far in 1955 have been substantially below the 53.9 cents per pound received for the 1954 season when a Government loan program was in effect. Mid-month averages of prices have ranged from a high of 48.7 cents at mid-April to a low of 39.5 cents at mid-October, and will probably average 44-46 cents for the 1955 season.

Under the current support program incentive payments will be made to individual producers. They will be equal to the percentage increase needed to bring the United States price received per pound up to the incentive level of 62 cents per pound. Payments on pulled wool will be based on the weight of yearlings or lambs slaughtered. Payments per hundredweight of live animal will generally be equal to 4 times the average payment per pound of shorn wool.

For the 1956 marketing year the incentive level is continued at 62 cents per pound, grease basis, and incentive payments will be made as in the 1955 program. It now appears likely that the averages of prices received in the open market next year will not be greatly different from this year and will again be substantially below the incentive level.

Table 15.- Feed concentrate supply and livestock production,
United States, 1926-55

(Data for cover chart)

Year beginning October	Feed concentrate supply			Livestock production 3/
	Under loan or owned by CCC 1/	Other 2/	Total	
	Mil. tons	Mil. tons	Mil. tons	
1926	---	123.2	123.2	144.3
1927	---	123.0	123.0	146.6
1928	---	126.3	126.3	145.5
1929	---	121.5	121.5	145.7
1930	---	113.0	113.0	146.4
1931	---	122.6	122.6	148.1
1932	---	137.7	137.7	150.0
1933	---	115.4	115.4	140.5
1934	---	82.4	82.4	122.4
1935	---	114.2	114.2	130.3
1936	---	89.7	89.7	130.8
1937	---	122.9	122.9	141.5
1938	1.3	128.9	130.2	144.9
1939	7.2	128.7	135.9	153.4
1940	13.2	127.3	140.5	155.2
1941	11.3	139.5	150.8	169.9
1942	5.5	167.0	172.5	193.4
1943	.4	164.1	164.5	191.1
1944	.2	157.7	157.9	175.6
1945	.3	153.9	154.2	173.5
1946	---	157.4	157.4	167.9
1947	.3	132.3	132.6	162.2
1948	---	166.7	166.7	167.6
1949	15.2	161.0	176.2	172.4
1950	20.9	157.7	178.6	179.9
1951	14.9	153.7	168.6	181.7
1952	9.0	159.0	168.0	177.4
1953	16.7	155.7	172.4	177.2
1954	23.0	156.5	179.5	185
1955 4/	29	166	195	189

1/ Stocks under loan or owned by CCC at beginning of marketing year.

2/ Production of 4 feed grains; byproduct feeds and wheat and rye fed; and carryover stocks of feed grains excluding those under loan or owned by CCC. 3/ Units of production of all livestock and livestock products. For weights see Grain and Feed Statistics, March 1955, table 1.

4/ Preliminary estimates based on indication in October 1955.

5-YEAR OUTLOOK FOR MEAT ANIMALS

Meat animals in future years will hold a very strong and probably an increasing position in the agriculture of the United States. Projections for the period centering in 1960 indicate that their production will be large, and their prices, while not unusually high, will compare favorably with prices of other farm products. Meat animals will likely contribute a rising proportion of the total income to farmers.

These prospects are built on the following:

1. High Employment and Incomes. The expectation is for a high level of industrial activity and employment, and for rising incomes of consumers. Recent years have demonstrated the capacity of the United States economy for productive abundance and for growth. Total output of all goods and services could increase a fifth in the next five years. Personal incomes per person would thereby be enlarged by about 11 percent.

In these estimates, some minor ups and downs in business activity are allowed for. It is assumed that a major recession will be avoided. If one should occur, the projections presented here would no longer be valid.

2. Fairly Large Expenditures for Meat. As incomes of consumers increase, the demand for meat also is expected to rise. However, it would not go up as fast as incomes. The percent of incomes spent for meat will probably be slightly smaller in 1958-62 than in the last year or two. This slight reduction would continue a slow long-run downtrend.

Demand for beef doubtless will prove stronger than that for pork. Over 40 years or more, consumer demand has swung away from pork toward beef. Trends in hog production and marketing, such as the adoption of meat-type hogs, may retard this trend. Nevertheless, the high consumer incomes postulated for 1960 do not denote as much demand for pork as for beef.

This summarizes a complete report, "The Intermediate Outlook for Meat Animals," to be presented at the annual Outlook Conference, Washington, D. C., Nov. 29, 1955. Copies are available on request to Marketing Information Division, Agricultural Marketing Service, Washington 25, D. C.

3. Meat Animals to be in Favorable Position Relative to Other Farm Products. As one of the foods preferred by consumers, meat would derive more benefit from rising consumer incomes than would several other foods. Moreover, meat and meat animals might hold an advantage in several other ways. Since it is exclusively a food product, meat is free of competition from industrial sources. It thus differs from many non-food commodities produced in agriculture that are subject to much industrial competition. Several of the byproducts of meat animal production, such as hides, wool, and inedible fats and greases, do enter into such competition. But these, while definitely of high importance, are a rather small fraction dollarwise of total value of meat animals.

A current tendency is for costs of the marketing and processing of farm products to increase. Meat animals could be less vulnerable to this trend than most other products because marketing costs absorb less of the retail price of meat than of any other food group except poultry and eggs. However, the probable course of marketing costs in meats is by no means clear. Recent increases in costs for some foods represent the expense of new processing, packaging or servicing. Evidence is inconclusive as to whether these services add to, reduce, or leave unchanged the demand and price for the basic farm product. By and large, most meat is still sold in the same form, that of fresh cuts at retail, as it has been for generations. (Pre-packaging is not so much a new service as it is a new form of a customary service.) However, there have been increases in processing and canning of meats; and a small but growing quantity is currently being sold frozen. This processing adds to the overall marketing cost. But since little is known either as to the probable developments in meat merchandising, or as to the economic impact of added services, few reliable conclusions can be reached as to the significance of marketing trends to the economic position of meat animals the next 5 years.

A similar inconclusiveness must be admitted with respect to foreign trade. Exports and imports of meat are now so small that the commodity is affected very little by increases in foreign demand for United States farm products, or by decreases such as have occurred the last few years. But exports of animal fats -- lard, tallow and grease -- are large. They will be subject to any change in strength of foreign demand in years ahead.

In the early twenties meat animals provided 24 percent of all cash receipts from farming. They have more recently accounted for almost 30 percent. Since the prospective future position of meat animals is relatively favorable, the percentage may well continue upward.

4. Large Supplies of Feed. Supplies of feed will almost assuredly remain large for a number of years. Technological progress in culture of feed crops promises continued increases in yield per acre. How many acres will be devoted to field crops will depend in part on farm policy. Nevertheless, it seems inevitable that limited foreign outlets for United States export crops (principally cotton, wheat and tobacco) will create a tendency toward sizable acreages of feed crops. Moreover, the large stocks of feed grains, and of wheat also, now on hand will be available to offset any temporary deficit in "free" supplies of feed.

Specifications of the present price support program would indicate somewhat lower price supports on corn over the next few years than in the last two. Beginning with 1956 the parity price of corn will be stepped down 5 percent a year until modernized parity is reached. The total reduction will probably be more than 10 percent. Support as percentage of parity can be as high as 90 percent or as low as a minimum that varies with each season's prospective supplies but is never less than 75 percent (to complying farms in the commercial area). Based on the lower parity due to go into force and on present indications of supply, the support price in 1956-57 could be around 15 cents less than the 1955 support of \$1.58 per bushel.

Support on other feed grains in years ahead, which is entirely discretionary, would likely be no higher than a normal relation to the price of corn.

Present legislation for support could be revised. Nevertheless, all the factors, including the large carryover and declining parity base, would seem to militate against very high prices.

The longer the distance viewed, the less bearing do feed grain policy considerations have on the outlook for meat animals. For over a longer time, policies as to acreage controls, price support, and management of storage stocks can be adjusted to circumstances that evolve -- particularly those of demand for livestock products, which in turn determine the requirements for feed.

5. Technological Advances in Livestock Production. Recent developments in efficiency of feeding livestock -- an area long neglected in research -- including antibiotics and stilbestrol are harbingers of further advances that may well occur in the future. Continued research effort and achievement would give added support to expansion of the livestock industry in future years.

Livestock Production Projections

Prospective supplies of feed for 1958-62 are estimated from an expected yield of 40 bushels of corn per acre and comparable yields of other feed grains. If the acreage of feed grains is about the same as in 1954 and 1955, annual production would average 130 million tons. If acreage of the feed grains other than corn reverts to the pre-allotment level of 1952 and 1953, annual production would be 122 million tons. As a reasonable compromise, a figure somewhat nearer 130 than 122 million has been assumed for the estimates that follow.

Such a supply of feed would support, at average feed consumption rates, around 190 million grain-consuming animal units. This would be about 7 percent more than those for 1955-56. However, it would be 11 percent above the 1952-54 average. Production of livestock products would be up more, as production rates per animal unit are increasing.

Hogs. Production of hogs is expected to expand over the next few years following a probable cutback in late 1956 and 1957. It may generally keep up with the rate of population growth or exceed it slightly. United States agriculture is well suited to production of hogs. Demand for pork may remain strong enough to sustain such a gradual expansion.

Estimates for 1958-62 are for an annual pig crop of around 105 to 108 million. Annual slaughter would be 90 to 93 million, and the supply of pork for consumption would be approximately 68 pounds, or almost exactly the same as the 1945-54 average. Prices of hogs would likely be higher than the low average prices in the fall of 1955 but perhaps no higher than prices in the same period of 1954. The hog-corn price ratio would at least be equal to its longtime average.

Cattle. Production of cattle in 1958-62 can be estimated only with regard for the probable course of the cattle cycle in the intervening years. Slaughter of female stock apparently has already proceeded to a point that will initiate declining annual production and reduced cattle numbers the next few years. If prospects for only a rather small decrease prove true, numbers could be again on the increase during much of the 1958-62 period. By the end of that span they might have surpassed the 1955 number of 95 million.

As the expansion phase is one of withholding stock and of rather small slaughter, the supply of beef could not quickly regain the high 1955 quantity of 13.6 billion pounds. It might reach or exceed it by the end of the 1958-62 period. For the larger consuming population, it would be relatively smaller than in 1955. The 1958-62 average consumption is estimated at 7 $\frac{1}{4}$ pounds, 7 pounds less than the 81 pounds in 1955. A 7 $\frac{1}{4}$ -pound rate, however, is higher than in any recorded year prior to 1953. Beef supplies will continue comparatively large in years ahead, even if not fully as large as in 1955.

Aided by strong consumer demand for beef, prices of cattle will likely average appreciably higher in 1958-62 than in the last three years. A prospective level as estimated from the foregoing conditions would remain well below the prices of the boom years 1950-52. It might be near the average of the immediate postwar years 1946-49.

Sheep and lambs. Numbers of sheep and lambs on farms and ranches are expected to turn upward before the beginning of the 1958-62 period. Decreases in numbers on western ranges will slow down, while increases in farmland of West and East will likely continue. At most, however, increases will be moderate. Sheep will remain an industry of secondary importance in American agriculture.

For the larger population, the lamb consumption rate would not deviate far from the 4 to $4\frac{1}{2}$ pounds of recent years.

Prices of sheep and lambs would average higher than in the last few years. But they too would not turn to their onetime highs.

Selected price statistics for meat animals

Item	Unit	1954			1955		
		Sept.	Oct.	Aug.	Sept.	Oct.	
Cattle and calves							
Beef steers, slaughter	Dollars per						
Chicago, Prime	100 pounds	27.27	27.72	23.20	23.64	22.92	
Choice	do.	25.00	25.37	22.43	22.69	22.01	
Good	do.	22.18	22.71	20.93	21.28	20.55	
Commercial	do.	18.07	18.65	17.23	17.68	17.53	
Utility	do.	14.72	15.30	14.26	14.55	14.22	
All grades	do.	25.00	25.42	22.33	22.67	21.95	
Omaha, all grades	do.	23.17	23.39	21.21	21.82	20.99	
Sioux City, all grades	do.	23.45	23.72	21.28	21.85	21.04	
Cows, Chicago							
Commercial	do.	12.95	12.75	12.53	12.26	12.58	
Utility	do.	10.77	10.61	11.31	10.88	11.01	
Canner and Cutter	do.	8.39	8.30	9.30	9.41	9.61	
Wealers, Choice and Prime, Chicago	do.	21.82	22.58	22.86	24.00	25.85	
Stocker and feeder steers, Kansas City 1/	do.	18.10	18.84	17.69	17.97	18.02	
Price received by farmers							
Beef cattle	do.	15.30	15.60	15.70	15.60	15.30	
Calves	do.	15.50	15.70	16.90	16.80	16.80	
Hogs							
Barrows and gilts							
Chicago							
160-180 pounds	do.	18.93	18.45	15.25	15.22	14.05	
180-200 pounds	do.	19.75	18.94	16.15	16.05	14.58	
200-220 pounds	do.	20.01	18.96	15.43	16.28	14.67	
220-240 pounds	do.	20.11	18.96	16.49	16.36	14.66	
240-270 pounds	do.	20.13	18.92	16.44	16.41	14.55	
270-300 pounds	do.	19.90	18.76	16.13	16.21	14.42	
All weights	do.	19.97	18.92	16.31	16.18	14.44	
8 markets 2/	do.	19.98	18.84	16.40	16.28	14.40	
Sows, Chicago	do.	18.29	17.23	14.21	14.34	13.77	
Price received by farmers	do.	19.70	18.40	15.70	15.70	14.50	
Hog-corn price ratio 3/							
Chicago, barrows and gilts	do.	12.2	12.3	12.5	12.4	12.2	
Price received by farmers, all hogs	do.	12.9	12.7	12.1	12.7	12.7	
Sheep and lambs							
Sheep							
Slaughter ewes, Good and Choice, Chicago	do.	5.00	5.09	4.75	4.75	4.81	
Price received by farmers	do.	5.17	5.41	5.42	5.42	5.40	
Lambs							
Slaughter, Choice and Prime, Chicago	do.	20.06	20.17	21.79	21.11	20.58	
Feeding, Good and Choice, Omaha	do.	17.46	17.50	17.60	17.32	18.18	
Price received by farmers	do.	17.70	17.60	18.50	17.70	17.40	
All meat animals							
Index number price received by farmers (1910-1h=100)		274	265	251	250	240	
Meat							
Wholesale, Chicago	Dollars per						
Steer beef carcass, Choice, 500-600 pounds	100 pounds	40.64	41.35	37.85	39.08	37.86	
Lamb carcass, Choice, 40-50 pounds	do.	43.02	42.88	42.86	43.26	41.92	
Composite hog products:							
Including lard							
72.84 pounds fresh	Dollars	21.61	20.32	18.58	18.26	16.62	
Average per 100 pounds	do.	29.67	27.90	25.51	25.07	22.82	
71.19 pounds fresh and cured	do.	25.88	24.02	22.70	22.46	20.75	
Average per 100 pounds	do.	36.35	33.74	31.89	31.55	29.15	
Excluding lard							
56.19 pounds fresh and cured	do.	22.69	21.14	20.58	20.27	18.45	
Average per 100 pounds	do.	40.38	37.62	36.63	36.07	32.34	
Retail, United States average	Cents						
Beef, Choice grade	per pound	68.6	68.9	66.9	67.7		
Pork, excluding lard	do.	5/56.4	5/53.7	50.7	51.7		
Index number meat prices (BLS)							
Wholesale (1947-49=100)		91.0	85.3	83.4	85.4		
Retail (1947-49=100) 6/		108.2	105.8	102.1	103.2		

1/ Average all weights and grades.

2/ Chicago, St. Louis N. S. Y., Kansas City, Omaha, Sioux City, S. St. Joseph, S. St. Paul, and Indianapolis.

3/ Number bushels of corn equivalent in value to 100 pounds of live hogs.

4/ Average for 2 weeks.

5/ Revised.

6/ Includes beef and veal, pork, leg of lamb and other meats. Excludes poultry and fish.

Selected marketing, slaughter and stocks statistics for meat animals and meats

Item	Unit	1954		1955	
		Sept.	Oct.	Aug.	Sept.
		;	;	;	;
Meat animal marketings	;	;	;	;	;
Index number (1935-39=100)	;	186	207	171	177
Stocker and feeder shipments to	;	;	;	;	;
8 Corn Belt States	1,000	;	;	;	;
Cattle and calves	head	529	923	307	529
Sheep and lambs	do.	607	488	231	545
Slaughter under Federal inspection	;	;	;	;	;
Number slaughtered	;	;	;	;	;
Cattle	do.	1,638	1,616	1,797	1,752
Steers	do.	761	732	870	857
Heifers	do.	244	223	226	215
Cows	do.	588	621	656	638
Calves	do.	706	738	646	710
Sheep and lambs	do.	1,290	1,291	1,239	1,344
Hogs	do.	4,743	5,178	4,475	5,144
Percentage sows	Percent	9	6	21	12
Average live weight per head	;	;	;	;	;
Cattle	Pounds	935	950	959	971
Calves	do.	240	236	243	230
Sheep and lambs	do.	92	92	93	92
Hogs	do.	228	232	238	229
Average production	;	;	;	;	;
Beef, per head	do.	506	516	529	533
Veal, per head	do.	132	129	135	129
Lamb and mutton, per head	do.	43	44	44	44
Pork, per head 1/	do.	131	132	136	132
Pork, per 100 pounds live weight 1/	do.	58	57	57	58
Lard, per head	do.	31	33	34	31
Lard, per 100 pounds live weight	do.	14	14	14	14
Total production	;	Million	;	;	;
Beef	pounds	825	830	946	930
Veal	do.	93	95	87	91
Lamb and mutton	do.	55	56	54	59
Pork 1/	do.	622	682	605	678
Lard	do.	147	171	149	159
Total commercial slaughter 2/	;	;	;	;	;
Number slaughtered	;	1,000	;	;	;
Cattle	head	2,270	2,207	2,420	2,373
Calves	do.	1,204	1,211	1,093	1,162
Sheep and lambs	do.	1,466	1,450	1,411	1,521
Hogs	do.	5,769	6,223	5,426	6,157
Total production	;	Million	;	;	;
Beef	pounds	1,098	1,086	1,228	1,209
Veal	do.	154	153	143	147
Lamb and mutton	do.	62	63	62	66
Pork 1/	do.	757	818	727	808
Lard	do.	170	197	172	184
Cold storage stocks first of month	;	;	;	;	;
Beef	do.	113	110	105	110
Veal	do.	13	12	10	10
Lamb and mutton	do.	8	7	9	9
Pork	do.	229	215	298	219
Total meat and meat products 3/	do.	467	443	529	448
;	;	;	;	;	;

1/ Excludes lard.

2/ Federally inspected, and other wholesale and retail.

3/ Includes stocks of sausage and sausage room products, canned meats and canned meat products, and edible offals, in addition to the four meats listed.

